



MILFORD HOSPITAL

**TESTIMONY OF
JOSEPH PELACCIA, PRESIDENT AND CEO
MILFORD HOSPITAL
SUBMITTED TO
THE PLANNING AND DEVELOPMENT COMMITTEE
Friday, March 21, 2014**

**HB 5583 An Act Concerning The Payment Of Real Property Taxes By Certain
Institutions Of Higher Learning and Hospital Facilities**

On behalf of Milford Hospital, I appreciate the opportunity to submit testimony opposing HB 5583, An Act Concerning The Payment Of Real Property Taxes By Certain Institutions Of Higher Learning And Hospital Facilities. I urge the General Assembly to maintain the existing tax exemption and PILOT program funding structure without change.

Due to the unique and critically important role hospitals afford their communities, Connecticut, like other states throughout the country, enacted the property tax exemption and payment in lieu of taxes (PILOT) funding structure.

Milford Hospital provides safe and high quality medical care access to the residents of Milford and surrounding communities 24 hours a day, 365 days per year. Our hospital is the healthcare safety net for the communities we serve. On average, we provide \$650,000 in charity care annually. In addition, the uninsured and underinsured consume \$6 million in services that are uncollectable.

The benefits we provide to our community extend beyond providing quality health care. We also work to protect the health of the community through promoting wellness and prevention of disease. We offer free health screenings, programs and support services that benefit our community. Milford Hospital invests nearly \$1 million dollars in these types of initiatives each year.

In addition to being the caregiver for our community, Milford Hospital is the largest employer in the city of Milford, providing jobs to over 750 individuals. As such, we have an enormous positive impact on the local economy.

Despite the increased financial burdens placed on the hospital, our commitment to the residents of Milford and surrounding communities has not wavered.

For the three year period ending FY2015, Milford Hospital's provider tax and reduced state funding total \$9.9 million. This amount is not recoverable from payers. Medicaid and Medicare alone utilize over 60% of Milford Hospital's resources. However, they only reimburse 66% of our costs. Further, due to federal sequestration, Milford Hospital expects to lose an additional 2% in Medicare reimbursement.

The financial burden of paying property taxes to the local government along with the adverse impact of the hospital tax, state funding cuts and federal sequestration threatens Milford Hospital's viability as both the caregiver to our community and a significant contributor to the local economy.

Given the financial hardship Milford Hospital will face causing harm to our facility and our community, I respectfully request to keep the existing tax exemption and PILOT funding structure without change.